



Director of
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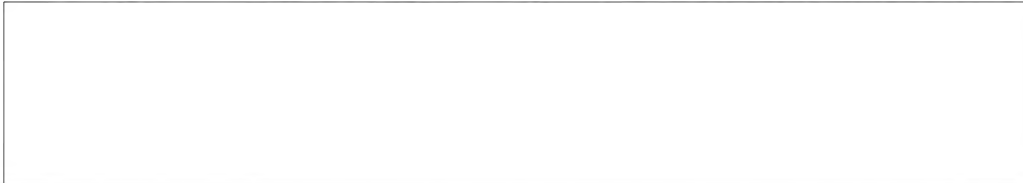
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SPAIN: Socialist Victory at Hand

//The Socialists are virtually certain to place first--and could easily win an absolute parliamentary majority--in the national election tomorrow.// [redacted]

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Comment: //The voting system, which is weighted toward conservative rural areas, has worked against the Socialists in the past. This year, however, the party is doing well in nonurban parts of Spain long dominated by the center-right.// [redacted]

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//The party also seems to be running stronger in Catalonia and in the Basque provinces than it has previously. The center-right would have to control these two regions to offset the likelihood of strong leftist showings in Madrid and Andalucia.// [redacted]

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The Socialists also will be helped by the lack of credible alternatives on both their immediate right and left. The collapse of the Union of the Democratic Center apparently has persuaded many of its followers to support the Socialists rather than gamble on former Prime Minister Suarez's shaky new party. Dissension in the Communist Party will cause some of its members to vote for the Socialists as the sole force on the left with a chance of governing. [redacted]

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//After the election, these factors may result in a polarized political landscape dominated by the democratic right and the moderate left. The Socialist landslide predicted in some opinion polls probably will accentuate this trend. It will push voters who want to back a winner to the Socialists and persuade others that the Popular Alliance is the only effective opposition on the right.// [redacted]

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GREECE-US: Base Negotiations Begin

The Greek Government appears to want a new base agreement with the US, but it will drive a hard bargain in the negotiations that begin today in Athens.

The government has announced it considers six to nine months a "reasonable period" for concluding a new agreement. According to a government spokesman, however, the actual length of the talks will be worked out between Athens and Washington. Greece has ruled out any unilateral move to terminate the talks or remove the bases.

The bases are now operated under a bilateral agreement of 1953. Talks with the previous government were postponed just before the parliamentary elections in October 1981 that brought Prime Minister Papandreou to power. A number of the Greeks who will be involved in the negotiations also were involved in the earlier talks.

Comment: The government probably is still developing its specific bargaining positions, but any agreement will have to deal with Greek concerns about maintaining a balance of power in the Aegean. In this regard, Athens is more likely to demand high-quality weapons on concessional terms than an explicit ratio of aid to Greece and Turkey or a security guarantee. Negotiations also are likely to address command and control arrangements, restrictions on use of bases in non-NATO roles, and a timetable for removing the bases or periodically reviewing the agreement.

Athens almost certainly is prepared to negotiate longer than the announced six to nine months. Official emphasis on brief talks probably is only public posturing, although it also may reflect a desire by Papandreou not to be faced with defending an agreement shortly before the next parliamentary elections. At a minimum, Papandreou will be looking for some symbolic--and readily demonstrable--concessions from the US that will allow him to sell the agreement to both the Greek public and his own party.

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CHINA-USSR: Talks To Resume Next Year

[redacted] the US Embassy in Beijing says the Sino-Soviet talks have ended and will resume in Moscow early next year. The two sides reportedly held six meetings between 5 and 20 October, during which the Soviets proposed issuing a joint document on the discussions. The Chinese refused, reiterating their conditions for improved relations--the withdrawal of Soviet troops from the border, Mongolia, and Afghanistan, and an end to Soviet support for Vietnam. [redacted]

Comment: Premier Zhao Ziyang recently said China will continue to talk with the Soviets even if they maintain their "hegemonistic" policy. The next round may deal with such matters as economic, cultural, and scientific and technological agreements that would provide a basis for reducing tensions. [redacted]

USSR-US: Summit Prospects Poor

A Soviet lecturer in Moscow claimed last week that the absence of any reference to a US-Soviet summit in US media reporting on the talks earlier this month between Secretary of State Shultz and Foreign Minister Gromyko indicates that neither side wants such a meeting now. He warned his Soviet audience not to expect positive developments in US policy toward the USSR, even after the Congressional elections, primarily because of the continuing conservatism of US public opinion. A deputy director of the USA Institute told a former US official a few days earlier that Soviet leaders are not interested in a summit because it might improve President Reagan's chances of being reelected. [redacted]

Comment: These statements suggest Soviet pique over reports that the US has no interest in a meeting before a political succession in the USSR, and they also may reflect misgivings among the leadership about President Brezhnev's ability to conduct an effective summit. Brezhnev first proposed such a meeting in February 1981, and Soviet news agencies continued to publicize Moscow's interest until the meeting between Shultz and Gromyko. A high-level decision may have been made to inform the Soviet public that there will be no summit or any other improvement in bilateral relations in the near future. [redacted]

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JAPAN: Election Schedule

Liberal Democratic Party leaders have decided to hold presidential elections that conform to the original schedule. Ballots will be mailed to rank-and-file party members between 1 and 4 November and are to be returned to party headquarters by 23 November. They will be counted the next day, and on 25 November the party members in the Diet will elect a new party president from among the top three votegetters. [REDACTED]

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Comment: Party officials had briefly considered moving the elections up one week in order to minimize the delay in government decisionmaking and the damaging effect of a long, divisive primary. Now that they have decided on the original schedule, government action on any but the most routine issues is unlikely. The visits of several high-level foreign officials already have been postponed, and Japan may lower the level of its delegation at the GATT ministerial meeting that opens on 24 November. Minister of International Trade and Industry Abe had planned to attend but he is one of the four presidential candidates. [REDACTED]

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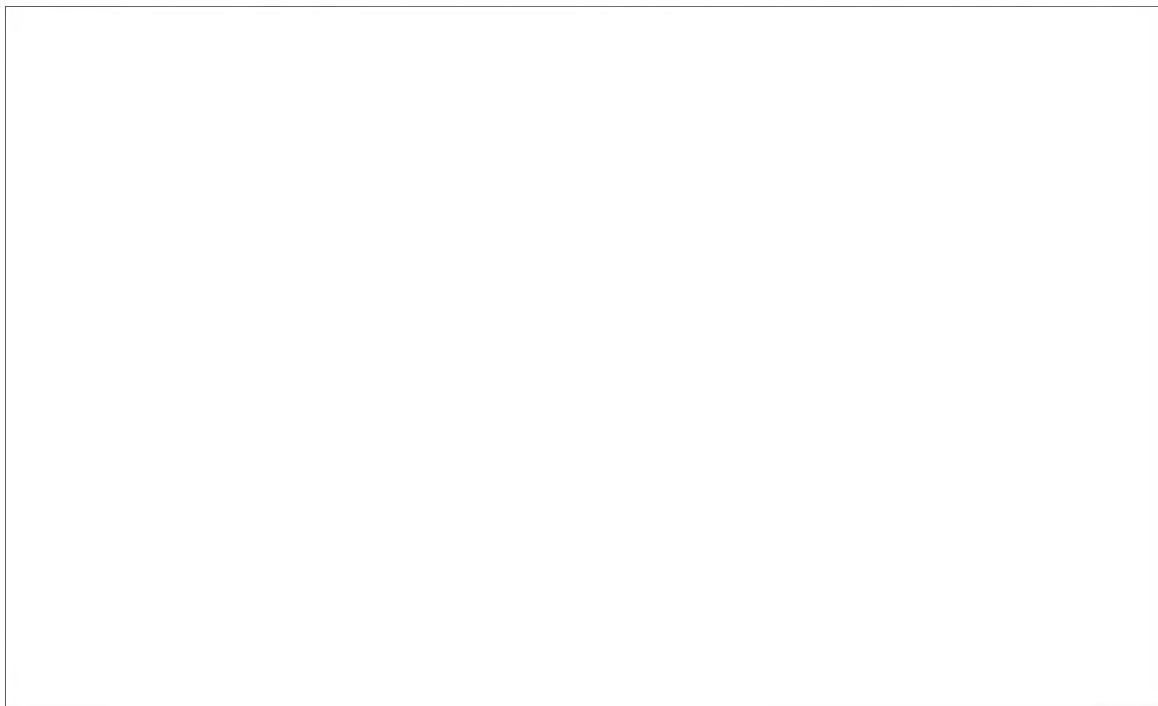
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DIA SYRIA-LEBANON: Syrian Troop Training

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[redacted] elements of Syrian brigades in the Bekaa Valley of Lebanon may have returned to Syria for training. [redacted]

Comment: If Syrian units in the Bekaa Valley are detaching troops for training in Syria, the Syrians probably do not expect a major clash with the Israelis in the near future. The movement of vehicles and troops as they rotate into and out of Lebanon for training could be giving rise to recent allegations in the Lebanese press that Syria is strengthening its forces in the Bekaa Valley. [redacted]



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PHILIPPINES: New IMF Loans

The Philippine Government has announced that it agrees in principle with the IMF on conditions for a new balance-of-payments standby loan of \$340 million, which will be accompanied by another loan of \$170 million designed to cover shortfalls in expected export earnings. Precise terms of both loans will be made public next month, when the Philippines also is scheduled to announce agreement with the World Bank on a \$250 million credit to domestic industry. Manila has anticipated a record balance-of-payments deficit of about \$900 million in 1982.

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Comment: The loans will reassure private foreign bankers that the IMF and World Bank approve of Manila's economic policies. Disagreement over Philippine fiscal policy has delayed the standby loan since March, with the IMF claiming Manila's budget deficits were excessive. Although both sides appear to have compromised, the Philippine Central Bank claims that no major departures from current economic policies will be required. Nevertheless, the Fund and the Bank will require that policy reforms begun in 1980 continue.

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KENYA-TANZANIA-UGANDA: Deteriorating Relations

//A spokesman for Kenyan President Moi has criticized Tanzania for providing refuge to two Kenyan rebels involved in the coup attempt in Nairobi in August. Moi believes the decision to give the Kenyans safety proves that Tanzanian President Nyerere was involved in the plot.

[redacted] Moi also believes Ugandan President Obote had foreknowledge of and supported the attempted takeover. According to the US Embassy, Moi may now turn a blind eye to the activities of the Ugandan dissidents operating in Kenya.// [redacted]

Comment: //Moi apparently is heeding the advice of politicians in his inner circle, who are eager to ingratiate themselves with him or to settle scores with Nyerere and Obote. [redacted]

[redacted] The deteriorating relations resulting from Moi's suspicions reduce the likelihood that agreement can be reached any time soon on distributing the assets of the defunct East African Community, a key issue in regional relations.// [redacted]

CANADA: Lockout of Longshoremen

//A contract dispute in British Columbia between long-shoremen and the Maritime Employers Association, which led to a lockout on 19 October, has closed the province's six grain ports and is beginning to disrupt the rail system in western Canada. The number of grain freight trains had fallen from 40 to 25 per day by the end of last week and is expected to be down to 15 per day by the end of the month. The railways have laid off nearly 2,000 workers, almost 15 percent of the railworkers in western Canada.// [redacted]

Comment: //If the lockout continues for more than a month, grain traffic on the railways may come to a standstill as storage facilities at ports in British Columbia are filled to capacity. A prolonged interruption of loading activity might force China, Japan, and other Canadian customers around the Pacific to look to the US as an alternative source of grain.// [redacted]

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